

Brendale **Community Bank**[®] Branch
Samford **Community Bank**[®] Branch



annual report **2012**

Pine Rivers Community
Finance Limited

ABN 14 098 199 476

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Chairman's report

For year ending 30 June 2012

It is with great pleasure that I present this 11th Annual Report of Pine Rivers Community Finance Limited to shareholders.

I am proud to be able to report that the company has experienced a strong and successful year in a challenging market for banks throughout the world. From a business point of view, our customer numbers have continued to grow with total loans and deposits increasing by 9% (to \$140 million) during the year. This is a strong result for your company and its' two branches given the difficult financial environment being experienced both in Australia and around the globe.

Our sustained profitability enabled more than \$60,000 (a record amount for our company) to be re-invested into local community projects and organisations. Some of the community highlights for 2012 financial year have included:

- LYEAC (Pine Rivers) 'Bendigo **Community Bank**[®] Moreton Bay 100' Charity Bike Ride
- Samford Farmers Hall Disabled Lift
- Youth Defensive Driving Programme at Lakeside Park in September and April
- Samford Rangers Football Club ScoreBoard
- Samford State School P&C Association Interactive WhiteBoards
- Junior Rugby League Fun Skills Session with Brisbane Broncos
- Samford Netball Club Training Wall
- C&K Community Kindergarten Technology Upgrade.

Not only has your company's profitability enabled it to make significant investment in the community during the year, shareholders are also the beneficiaries of your company's strong performance. For the second year in a row, your company has paid dividends at 5 cents per share (fully franked). Over the last five financial years aggregate dividends of 21 cents per share have been paid.

During this financial year, we have had three Directors retire – Peter Carrigan, Tom Coogan and Greg Symington – and we thank them for their valuable contributions whilst members of the Board. During the year we welcomed two new Directors, Michael Clahsen and Melinda Fleming who have brought to the Board some additional corporate and financial experience. Bronwyn Fitzpatrick has also been an important addition to our team as Manager of the Samford **Community Bank**[®] Branch.

I personally would like to thank each and every Board member for giving their time and support. All Directors are volunteers dedicated to achieving the aims and goals of our company supporting our local communities in Brendale and Samford. I also thank and acknowledge our staff for their enthusiasm in upholding our community ethos.

I heartily extend congratulations to our Staff at Brendale for their July 2012 win at the Quest Business Achievers Awards night in the Professional Services Category. This was the seventh consecutive win in this category for the branch culminating in elevation into the Gold Hall of Fame at this year's ceremony. A momentous and proud achievement.

Most importantly I wish to thank You, the shareholders and customers, for your continued support and commitment. We look forward to our continued growth in the year ahead.

The 2012 Annual General Meeting will be a celebratory evening recognising the ten year anniversary of the Brendale Branch opening. It will also include the announcement and presentation of various Grants to local Brendale and Pine Rivers community groups. We hope you can make it along and share in the **Community Bank**[®] concept and spirit that goes to the core of what we do.



Julie Brooks
Chairman

Brendale Manager's report

For year ending 30 June 2012

2012 represents a historic year for Brendale, being not only our tenth year since opening but more importantly, ten years of supporting local customers and the Pine Rivers community.

In June 2002, the branch opened with a mere \$2 million on its book but has grown to be one of the most successful **Community Bank**[®] branches in Queensland and can now proudly boast \$107 million in total footings.

Despite competing in an exceptionally competitive market, our consistent delivery of superior service standards and the **Community Bank**[®] model has ensured yet another very successful year.

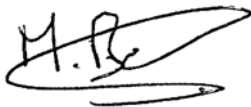
Due largely to abnormal deposit movement, overall footings remained steady. However, due to an exceptional year in core lending and insurance products and effective expense management, I am very proud to report to you a third successive year of record net profit, an excellent 132% against target.

In significant recognition to the staff at the branch, for an unmatched seventh consecutive year, Brendale **Community Bank**[®] Branch won the Professional Services category at the Pine Rivers Press and North Lakes Times Business Achievers Awards. We now are only one of a handful of businesses in any category throughout South East Queensland to become an esteemed Gold Hall of Fame inductee and are now retired from further involvement.

We have also continued to support the local community via several projects and initiatives this year that added real value across a variety of organisations and areas. Furthermore, we are about to embark upon a \$35,000 community grants and sponsorship program which I am sure you will hear more about in the near future.

In March 2012, Holly-Emma Moulds joined Brendale **Community Bank**[®] Branch as our Customer Relationship Manager and she has already become an invaluable asset to the team and customers alike.

As always, my sincere thanks go to my team, Bendigo and Adelaide Bank, Directors, community partners and you our loyal customers and shareholders.



Matthew Beswick
Branch Manager

Samford Manager's report

For year ending 30 June 2012

At the end of another financial year for Samford **Community Bank**[®] Branch, It is with great pleasure that I am able to report the following results.

Business growth

We are proud to announce that we have been able to achieve total footings for year ending 2012 of \$34 million.

In recognition of our on going success Samford **Community Bank**[®] Branch was awarded the 2011 Quest Business Achiever Award in the category of Professional Services in the North West area.

We are now entering an exciting period of rejuvenation for Samford **Community Bank**[®] Branch with a new Manager and team. The main focus will be educating our customers and communities that **Community Bank**[®] branches provide communities with more than just quality banking services – they deliver employment opportunities for local people, keep local capital in the community, are a local investment option for shareholders and provide a source of revenue for important community projects determined by the local community.

Community engagement

Community engagement remains a priority for the Samford **Community Bank**[®] Branch we are proud of our wide and varied contribution to the different community groups in and surrounding the Samford area.

These types of engagements allow our company and its employees to have quality conversations about our point of difference.

This year Samford held the inaugural sponsorship and grants presentation evening and we have since contributed back to the Samford community over \$75,000 in sponsorships and grants.

Some of our major support this year has gone to:

- Samford Farmers Hall
- Good Sam's Foundation
- Samford Netball Association
- Samford Show Society
- Samford Chess Club
- Defensive Driving Course
- Samford District Chaplaincy
- Samford Sporting Association
- Samford Golden Valley Pony Club
- Samford Poultry Club
- Samford Artworks
- Samford Scouts Group
- Samford State School
- Samford Community kindergarten
- Samford Bowls Club

Our involvement with the community will be a driving force in everything we do and we look forward to seeing the list of recipients grow in the coming years.

On a personal note I would like to thank our Chair and all the Board of Directors, Brendale **Community Bank**[®] Branch Manager and staff of both branches for their on going support.



Bronwyn Fitzpatrick
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2012

Thanks to your support as shareholders the **Community Bank**[®] network has achieved a significant milestone this year, contributing more than \$80 million to support the communities these unique companies operate within.

This figure was almost unimaginable when the **Community Bank**[®] model was first launched in 1998, in partnership with the people from the small Victorian wheat farming towns of Rupanyup and Minyip. For these communities the **Community Bank**[®] model was seen as a way to restore branch banking services to the towns, after the last of the major banks closed its services. However, in the years since the **Community Bank**[®] model has become so much more.

In the past financial year a further 20 **Community Bank**[®] branches have opened, this growth is in-line with our forecast and consistent with what we have seen in recent years. Demand for the model remains strong and there are currently another 32 **Community Bank**[®] sites in development, with many more conversations happening with communities Australia wide.

At the end of the financial year 2011/12 the **Community Bank**[®] network had achieved the following:

- Returns to community – \$80 million
- **Community Bank**[®] branches – 295
- **Community Bank**[®] branch staff – more than 1,400
- **Community Bank**[®] branch Directors – 1,905
- Volume footings – \$21.75 billion
- Customers – 500,000
- Shareholders – 71,197
- Dividends paid to shareholders – \$28.8 million

Almost 300 communities have now partnered with Bendigo and Adelaide Bank, so they can not only enhance banking services, but more importantly aggregate the profits their banking business generates and reinvest it in local groups and projects that will ultimately strengthen their community.

In the past 14 years we have witnessed the **Community Bank**[®] network's returns to communities grow exponentially each year, with \$470,000 returned within the first five years, \$8.15 million within the first eight and \$22.58 million by the end of the first decade of operation.

Today that figure is an astonishing \$80 million and with the continued growth and popularity of the **Community Bank**[®] model, returns should top \$100 million by the end of 2013. These dollars add up to new community facilities, improved services, more opportunities for community engagement activities and generally speaking, a more prosperous society.

The communities we partner with also have access to Bendigo and Adelaide Bank's extensive range of other community building solutions including Community Enterprise Foundation™ (philanthropic arm), Community Sector Banking (banking service for not-for-profit organisations), Generation Green™ (environment and sustainability initiative), Community Telco (telecommunications solution), sponsorships, scholarships and Community Enterprises that provide **Community Bank**[®] companies with further development options.

In Bendigo and Adelaide Bank, your **Community Bank**[®] company has a committed and strong partner and over the last financial year our company has also seen much success.

Bendigo and Adelaide Bank report (continued)

Last December, our Bank joined the ranks of Australia's A-rated banks following an upgrade announced by Standard & Poor's. Its decision to raise our long-term rating from BBB+ to A- means the Bank (and its **Community Bank**[®] partners) are now rated 'A' by all three of the world's leading credit rating agencies. This is a huge boost to the Bank and will allow us to access new funding opportunities. It will also enable our group to service supporters who were precluded from banking with us because we were not A rated.

The rating upgrade is a welcome boost for the Bank and its partners at a time when funding is expensive and likely to remain so, margins have been eroded across the industry, credit growth is sluggish at best and subsequently, the profitability of banks remains under pressure.

Not surprisingly, these factors continue to place pressure on our Bank's margin and as **Community Bank**[®] margin share is still in part based on fixed trails, this is continuing to reflect a skew in margin share between the Bank and its **Community Bank**[®] partners.

We've been working with the **Community Bank**[®] network to take action to reduce this imbalance (which is in favour of the **Community Bank**[®] partners) and see the share of revenue on core banking products closely aligned to the key principal of 50/50 revenue share. Recent market developments are challenging this goal, but the Bank and its partners remain committed to addressing this.

It's Bendigo and Adelaide Bank's vision to be Australia's leading customer-connected bank. We believe our strength comes from our focus on the success of our customers, people, partners and communities. We take a 100-year view of our business; we listen and respect every customer's choice, needs and objectives. We partner for sustainable long-term outcomes and aim to be relevant, connected and valued.

This is what drives each and every one of our people and we invite you as **Community Bank**[®] shareholders to support us as we work with our partners to deliver on our goals and ensure our sustained and shared success.

As **Community Bank**[®] shareholders you are part of something special, a unique banking movement which has evolved into a whole new way of thinking about banking and the role it plays in modern society.

We thank you all for the part you play in driving this success.



Russell Jenkins
Executive Customer and Community

Directors' report

For the financial year ended 30 June 2012

Your Directors submit the financial report of the company for the financial year ended 30 June 2012.

Directors

The names and details of the company's Directors who held office during or since the end of the financial year are:

Julie Brooks

Director - Chairman (Non executive)

Qualifications Certificate III in Disability Services

Experience Board member since October 2001; Member of the Brendale Steering Committee; Member of the Management Committee of Pine Rivers Neighbourhood Assn Inc.

Robert Ian Millar

Director - Deputy Chairman (Non executive)

Qualifications Diploma Australian Institute of Company Directors (AICD); Fellow of AICD, Fellow Financial Services Institute of Australia.

Experience Board member since October 2007; over 30 years experience in banking industry Councillor Moreton Bay Regional Council since 2000 (Chairman of Corporate Services, Member of Audit Committee); Member Local Government Mutual Liability Pool Board since 2008; Member of Local Government Workcover Board since 2009.

Peter Anthony Carrigan

Director (Non executive) (Resigned 14/11/11)

Qualifications Bachelor of Laws

Experience Board member since May 2008; Business owner since June 1994.

Special responsibilities Company Secretary November, 2008 to May, 2011.

Paul Matthew Outen

Director (Non executive) #

Qualifications Bachelor of Business; Member of the Association of Chartered Certified Accountants

Experience Board Member since October 2010; Owner of First Class Accounts; Committee Member and Treasurer of Closeburn Rural Fire Brigade

Special responsibilities Company Secretary since May 2011.

Thomas Joseph Coogan

Director (Resigned 14/11/11)

Qualifications Bachelor of Business; Fellow of the Institute of Chartered Accountants in Australia

Experience Board member since November 2008; Director of Coogans Pty Ltd since 1989.

Special responsibilities Treasurer November, 2008 to November 2011

Anthony Robert C. Beasley

Director (Non executive) (Resigned 1/8/11)

Qualifications Bachelor of Learning Design; Bachelor of Applied Science (Science & Technology)

Experience Board member since November 2009; Director of Astra Group Services Pty Ltd

Directors' report (continued)

Directors (continued)

Gregory Michael Symington

Director (Non executive) (Resigned 7/11/11)

Qualifications Bachelor of Engineering (Computer Systems); Diploma of Project Management; Member of Australian Institute of Project Managers.

Experience Board member since October 2006; 4 years banking experience in E-Channels.

Alix Monica Fortescue

Director (Non executive)

Qualifications Diploma of Education

Experience Board member since March 2010; Member of the Brendale Steering Committee;

Jason Peter Delisser

Director - Treasurer (Non executive)

Qualifications Bachelor of Commerce, Bachelor of Laws, Graduate Diploma in Applied Finance & Investment, MBA, Graduate Diploma of Financial Planning

Experience Board Member since October 2010; Director F3 Financial Services Pty Ltd; 18 years financial services experience.

Special responsibilities Treasurer since November 2011

John Goddard

Director (Non executive)

Experience Board Member since July 2011; 40 years banking experience; retired Chief Operating Officer of Bendigo Bank of Qld; Non executive Chairman of both Cooper Property Group and Trust Capital Group; Director of The Eidos Institute; Trustee of the Ipswich Arts Foundation; previous Directorships held include Careflight Qld, Powerlink Qld, The Queensland and Torres Strait Islander Foundation; First Australian Building Society, The Australian Finance Conference and Opera Foundation Australia.

Michael Karl Clahsen

Director (Non executive) (Appointed 2/4/12)

Experience Over 30 years experience in the software industry (16 years at ASX listed Technology One Pty Ltd and owner of Majestri Pty Ltd (since January 2011); Board member since April 2012; Board member and volunteer of BrAshAt Limited since 2007; Former committee member and president of Samford Sporting Association (Samford Rangers Football Club 2004-2010)

Melinda Jane Fleming

Director (Non executive) (Appointed 2/4/12)

Qualifications Applied Sciences (Counselling), Community Services Management and Australian Institute of Management membership. Board Member since April 2012;

Experience Last 14 years within community at Pine Rivers Neighbourhood Centre, holding position of Director since 2006. Earlier career in banking and finance.

Indicates Company Secretary

Directors were in office for this entire financial year unless otherwise stated.

No Directors have material interests in contracts or proposed contracts with the company.

Directors' report (continued)

Principal activities

The principal activities of the company during the course of the financial year were:

- providing **Community Bank**® services under management rights to operate a franchised branch of Bendigo and Adelaide Bank.

There have been no significant changes in the nature of these principal activities during the financial year.

Operating results

The profit/(loss) of the company for the financial year after provision for income tax was \$123,284 (2011: \$91,356).

Financial position

The net assets of the company have increased by \$123,284 from June 30, 2011 to \$869,558 in 2012. The increase is largely due to improved operating performance of the company.

\$

Dividends

Dividends paid or declared for payment during the financial year are as follows:

- Final ordinary dividend of 5 cents per share paid on 30 September 2011.	55,101
- Final ordinary dividend of 5 cents per share payable on 30 September 2012.	55,101

Significant changes in the state of affairs

There were no significant change in the state of affairs of the company occurred during the financial year.

Events after the reporting period

Since the balance date, world financial markets have shown volatility that may have an impact on investment earnings in the 2012/13 financial year. The company continues to maintain a conservative investment strategy to manage the exposure to market volatility.

There are no other matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company, in future years.

Future developments

The company will continue its policy of providing banking services to the community.

Environmental issues

The company is not subject to any significant environmental regulation.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Directors' report (continued)

Remuneration report

No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Indemnifying Officers or Auditor

The company has agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The company also has Officers Insurance for the benefit of Officers of the company against any liability occurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the company or in or arising out of the discharge of the Officer's duties.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an Auditor of the company.

Directors' meetings

The number of Directors' meetings attended during the year were:

Director	Board meetings#	Marketing committee#	Finance, audit, governance committee#	Governance and staffing committee#
Julie Brooks	9 (11)	N/A	N/A	N/A
Robert Ian Millar	5 (8)	N/A	2 (6)	2 (2)
Peter Anthony Carrigan (to 14/11/2011)	5 (5)	N/A	4 (4)	N/A
Paul Matthew Outen	11 (11)	N/A	9 (10)	N/A
Thomas Joseph Coogan (to 14/11/2011)	4 (4)	N/A	3 (4)	N/A
Anthony Robert C. Beasley (to 1/8/2011)	0 (0)	N/A	N/A	N/A
Gregory Michael Symington (to 7/11/2011)	1 (1)	N/A	1 (1)	N/A
Alix Monica Fortescue	11 (11)	9 (10)	4 (4)	2 (2)
Jason Peter Delisser	11 (11)	9 (10)	10 (10)	N/A
John Goddard	8 (11)	4 (7)	N/A	2 (2)
Michael Karl Clahsen (from 2/4/2012)	3 (3)	3 (3)	N/A	N/A
Melinda Jane Fleming (from 2/4/2012)	3 (3)	N/A	N/A	2 (2)

The first number is the meetings attended while in brackets is the number of meetings eligible to attend.

N/A - not a member of that committee.

Directors' report (continued)

Corporate governance

The company has implemented various corporate governance practices, which include:

- (a) Director approval of operating budgets and monitoring of progress against these budgets;
- (b) Ongoing Director training; and
- (c) Monthly Director meetings to discuss performance and strategic plans.

Non audit services

The Directors in accordance with advice from the audit committee, are satisfied that the provision of non audit services during the year is compatible with the general standard of independence for Auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed in Note 5 did not compromise the external Auditor's independence for the following reasons:

- all non audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect integrity and objectivity of the Auditor; and
- the nature of the services provided does not compromise the general principles relating to Auditor independence in accordance with APES 110 "Code of Ethics for Professional Accountants" set by the Accounting Professional and Ethical Standards Board.

Auditor independence declaration

The Auditor's independence declaration for the year ended 30 June 2012 has been received and can be found on page 12 of this financial report.

Signed in accordance with a resolution of the Board of Directors on 10 September 2012.



Julie Brooks
Chairperson

Auditor's independence declaration



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6 September 2012

The Directors
Pine Rivers Community Finance Limited
PO Box 7081
BRENDALE QLD 4500

To the Directors of Pine Rivers Community Finance Limited

Auditor's Independence Declaration under section 307C of the Corporations Act 2001

I declare that to the best of my knowledge and belief, during the year ended 30 June 2012 there has been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Richmond Sinnott & Delahunty
RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

A handwritten signature in black ink, appearing to read 'W. Sinnott'.

Warren Sinnott
Partner

Dated at Bendigo, 6 September 2012

Richmond Sinnott & Delahunty
ABN 60 616 244 309
Liability limited by a scheme
approved under Professional
Standards Legislation

Partners:
Warren Sinnott
Cara Hall
Brett Andrews
Philip Delahunty
Kathie Teasdale
David Richmond

Financial statements

Statement of comprehensive income for the year ended 30 June 2012

	Note	2012 \$	2011 \$
Revenue	2	1,236,412	1,108,974
Employee benefits expense	3	(584,046)	(541,573)
Depreciation and amortisation expense	3	(53,568)	(60,028)
Finance costs	3	-	(2,849)
Occupancy expenses		(110,937)	(115,457)
Other expenses		(260,239)	(237,766)
Operating profit/(loss) before charitable donations & sponsorships		227,622	151,301
Charitable donations and sponsorship		(65,828)	(15,478)
Profit/(loss) before income tax expense		161,794	135,823
Income tax expense / (benefit)	4	(38,510)	(44,467)
Net Profit/(loss) for the year		123,284	91,356
Total comprehensive income for the year		123,284	91,356
Earnings per share (cents per share)			
- basic for profit/(loss) for the year	23	11.19	8.29
- diluted for profit/(loss) for the year	23	11.19	8.29

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of financial position as at 30 June 2012

	Note	2012 \$	2011 \$
Assets			
Current assets			
Cash and cash equivalents	6	601,671	548,243
Trade and other receivables	7	113,462	101,228
Other assets	8	9,246	8,788
Total current assets		724,379	658,259
Non-current assets			
Property, plant and equipment	9	199,244	221,937
Income tax assets	4	-	6,019
Intangible assets	10	82,148	46,664
Total non-current assets		281,392	274,620
Total assets		1,005,771	932,879
Liabilities			
Current liabilities			
Trade and other payables	11	117,063	130,072
Current tax liability	11	19,150	
Short-term provisions	12	-	55,101
Loans and borrowings	13	-	1,432
Total current liabilities		136,213	186,605
Total liabilities		136,213	186,605
Net assets		869,558	746,274
Equity			
Issued capital	14	916,808	916,808
Accumulated losses	15	(47,250)	(170,534)
Total equity		869,558	746,274

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of cash flows for the year ended 30 June 2012

	Note	2012 \$	2011 \$
Cash flows from operating activities			
Cash receipts in the course of operations		1,317,485	1,196,087
Cash payments in the course of operations		(1,208,796)	(1,011,239)
Interest received		26,118	17,063
Borrowing costs		(247)	(2,849)
Income tax paid		(13,341)	(10,278)
Net cash flows provided by operating activities	16b	121,219	188,784
Cash flows from investing activities			
Payments for property, plant and equipment		(8,591)	(2,998)
Payments for intangible assets		(57,768)	-
Net cash flows used in investing activities		(66,359)	(2,998)
Cash flows from financing activities			
Repayment of borrowings		(1,432)	-
Proceeds from borrowings		-	131
Net cash flows provided by/(used in) financing activities		(1,432)	131
Net increase in cash held		53,428	185,917
Cash and cash equivalents at start of year		548,243	362,326
Cash and cash equivalents at end of year	16a	601,671	548,243

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of changes in equity for the year ended 30 June 2012

	Note	2012 \$	2011 \$
Issued capital			
Balance at start of year		916,808	916,808
Proceeds from equity raising		-	-
Equity raising costs		-	-
Balance at end of year		916,808	916,808
Retained earnings / (accumulated losses)			
Balance at start of year		(170,534)	(206,789)
Profit / (loss) after income tax expense		123,284	91,356
Dividends paid or provided for	24	-	(55,101)
Balance at end of year		(47,250)	(170,534)

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2012

Note 1. Summary of significant accounting policies

(a) Basis of preparation

Pine Rivers Community Finance Limited ('the company') is domiciled in Australia. The financial statements for the year ending 30 June 2012 are presented in Australian dollars. The company was incorporated in Australia and the principal operations involve providing **Community Bank**[®] services.

The financial statements are general purpose financial statements, that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The company is a for profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement of fair value of selected non current assets, financial assets and financial liabilities.

The financial statements require judgements, estimates and assumptions to be made that affect the application of accounting policies. Actual results may differ from these estimates.

The financial statements were authorised for issue by the Directors on 10 September 2012.

(b) Income tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(c) Property, plant and equipment

Property, plant and equipment are brought to account at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated over the estimated useful life of the asset as follows:

Class of asset	Depreciation rate
Plant & equipment	2.5-40%
Office furniture & equipment	7.1-37.5%
Furniture & fittings	5-20%

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Revaluations

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

(d) Impairment of assets

At each reporting date, the company assesses whether there is any indication that an asset is impaired. Where an indicator of impairment exists, the company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

(e) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(e) Goods and services tax (continued)

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(f) Employee benefits

The provision for employee benefits to wages, salaries and annual leave represents the amount which the company has a present obligation to pay resulting from employees' services provided up to the reporting date. The provision has been calculated on undiscounted amounts based on wage and salary rates expected to be paid and includes related on-costs.

The company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

(g) Intangibles

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the Statement of Comprehensive Income.

(h) Cash

Cash on hand and in banks are stated at nominal value.

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

(i) Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of goods and services tax (GST).

(j) Receivables and payables

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

(k) New accounting standards for application in future periods

Australian Accounting Standards that have been recently issued or amended but not yet effective have not been adopted in the preparation of these financial statements. These changes have been assessed by Directors and determined they will not have a material impact on the company's financial statements.

(l) Borrowings

All loans are measured at the principal amount. Interest is recognised as an expense as it accrues.

(m) Provisions

Provisions are recognised when the company has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(m) Provisions (continued)

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

(n) Share capital

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(o) Comparative figures

When required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(p) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company. Estimates and judgements are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and judgements that have a significant risk of causing material adjustments to the carrying values of assets and liabilities are as follows:

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation changes for its property, plant and equipment and intangible assets. The depreciation and amortisation charge will increase where useful lives are less than previously estimated lives.

Income tax

The company is subject to income tax. Significant judgement is required in determining the provision for income tax.

Impairment

The company assesses impairment at the end of each reporting period by calculating conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

(q) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to the profit or loss immediately.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(q) Financial instruments (continued)

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method or cost. Where available quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised costs is calculated as the amount which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

(i) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

(ii) Financial liabilities

Non derivative financial liabilities are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset is deemed impaired if and only if, there is objective evidence of impairment as a result of one or more events (a loss event) having occurred, which has an impact on the estimated future cash flows of the financial asset. In the case of financial assets carried at amortised cost, loss events may include indications that the debtors are experiencing significant financial difficulty or changes in economic conditions.

	2012	2011
	\$	\$
Note 2. Revenue		
Revenue from continuing activities		
- profit share	883,389	772,354
- services commissions	326,500	318,477
- other revenue	405	1,080
	1,210,294	1,091,911
Other revenue		
- interest received	26,118	17,063
	1,236,412	1,108,974

Notes to the financial statements (continued)

	2012 \$	2011 \$
Note 3. Expenses		
Employee benefits expense		
- wages and salaries	430,902	401,313
- superannuation costs	39,944	41,484
- workers' compensation costs	3,578	1,846
- other costs	109,622	96,930
	584,046	541,573
Depreciation of non-current assets:		
- plant and equipment	29,290	35,706
- leasehold improvements	1,994	1,994
Amortisation of non-current assets:		
- intangible assets	22,284	22,328
	53,568	60,028
Finance costs:		
- interest paid	-	2,849
Bad debts	2,397	1,200
Note 4. Income tax expense		
The prima facie tax on profit/(loss) before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit/(loss) before income tax at 30% (2011: 30%)	48,538	40,747
Add tax effect of:		
- Non-deductible expenses	14,127	6,908
Less tax effect of:		
- Deductible expenses	(12,155)	(3,188)
Current income tax (benefit) / expense	50,510	44,467
Over provision for tax in prior years	(12,000)	-
Income tax (benefit) / expense	38,510	44,467
Income tax assets		
Income tax refundable	-	6,019
Income tax liability		
Current tax liability	19,150	-

Notes to the financial statements (continued)

	2012 \$	2011 \$
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Note 5. Auditors' remuneration

Remuneration of the Auditor for:

- Audit or review of the financial report	3,900	3,900
- Share registry services & other professional advice	1,650	1,600
	5,550	5,500

Note 6. Cash and cash equivalents

Term deposit	570,000	410,000
Cash at bank and in hand	31,671	138,243
	601,671	548,243

The effective interest rate on short term bank deposits was 5.45% (2011 - 4.95%)

Note 7. Trade and other receivables

Trade debtors	113,362	101,128
Deposit refundable	100	100
	113,462	101,228

Note 8. Other assets

Prepayments	9,246	8,788
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Note 9. Property, plant and equipment

Leasehold improvements

At cost	79,757	79,757
Less accumulated depreciation	(11,139)	(9,145)
	68,618	70,612

Plant and equipment

At cost	314,766	306,175
Less accumulated depreciation	(184,140)	(154,850)
	130,626	151,325
Total written down amount	199,244	221,937

Notes to the financial statements (continued)

	2012 \$	2011 \$
Note 9. Property, plant and equipment (continued)		
Movements in carrying amounts		
Leasehold improvements		
Carrying amount at beginning of year	70,612	72,606
Depreciation expense	(1,994)	(1,994)
Carrying amount at end of year	68,618	70,612
Plant and equipment		
Carrying amount at beginning of year	151,325	184,033
Additions	8,591	2,998
Depreciation expense	(29,290)	(35,706)
Carrying amount at end of year	130,626	151,325

Note 10. Intangible assets

Franchise fee		
At cost	110,000	110,000
Additions	57,767	-
Less accumulated amortisation	(85,619)	(63,583)
	82,148	46,417
Borrowing expenses		
At cost	1,644	1,644
Less accumulated amortisation	(1,644)	(1,397)
	-	247
	82,148	46,664

Note 11. Trade and other payables

Current		
Income tax payable	19,150	-
Trade creditors	94,498	104,002
Accrued expenses	17,927	12,878
GST refundable	(3,069)	5,228
Unclaimed dividends	4,973	2,341
Other	2,734	5,623
	136,213	130,072

Notes to the financial statements (continued)

	2012 \$	2011 \$
Note 12. Short-term provisions		
Dividends provided for	-	55,101
	-	55,101

All staffing requirements are provided by permanently seconded employees of Bendigo and Adelaide Bank.

Note 13. Loans and Borrowings

Current

Bank loan	-	1,432
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Note 14. Issued capital

1,102,010 (2011: 1,102,010) Ordinary Shares each fully paid #	960,308	960,308
Equity raising costs	(43,500)	(43,500)
	916,808	916,808

27,300 bonus shares were issued on a one for one basis on 8 July 2002 to certain shareholders for no consideration.

114,402 bonus shares were issued on a one for five basis on 8 May 2009 for no consideration.

415,600 fully paid shares were issued on 16 October 2009 at \$1.00 each pursuant to the prospectus dated 25 June 2009.

Note 15. Accumulated losses

Balance at the beginning of the financial year	(170,534)	(206,789)
Profit/(loss) after income tax	123,284	91,356
Dividends provided for or paid	-	(55,101)
Balance at the end of the financial year	(47,250)	(170,534)

Notes to the financial statements (continued)

	2012 \$	2011 \$
Note 16. Statement of cash flows		
(a) Cash and cash equivalents		
Cash assets	601,671	548,343
(b) Reconciliation of profit / (loss) after tax to net cash from operating activities		
Profit / (loss) after income tax	123,284	91,356
Non cash items		
- Depreciation	29,291	37,700
- Amortisation	24,277	22,328
Changes in assets and liabilities		
- (Increase) decrease in receivables / other assets	(12,692)	(4,029)
- (Increase) decrease in deferred income tax asset	25,169	34,189
- Increase (decrease) in payables	(68,110)	7,240
Net cash flows from operating activities	121,219	188,784

Note 17. Capital and leasing commitments

Operating lease commitments

Operating leases contracted for but not capitalised in the financial statements

Payable:

- Not later than 1 year	105,508	90,623
- Later than 1 year, but not later than 5 years	247,543	140,772
	353,051	231,395

The Brendale branch property lease has a five year term and an option to renew for a further ten year term with rent payable monthly in advance. The lease allows for sub-letting. The company entered into a lease for the Samford branch in March 2010 for a five year term with an option to renew for a further five year term.

Notes to the financial statements (continued)

Note 18. Director and related party disclosures

Directors' shareholdings

The following fully paid ordinary shares were held by the relevant Directors personally or by controlled associated entities:

	2012	2011
Julie Brooks	3,501	3,501
Robert Ian Millar	3,500	3,500
Peter Anthony Carrigan (resigned 14/11/11)	1,200	1,200
Paul Matthew Outen	-	-
Thomas Joseph Coogan (resigned 14/11/11)	-	-
Anthony Robert C. Beasley (resigned 1/8/11)	-	-
Gregory Michael Symington (resigned 7/11/11)	2,500	2,500
Alix Monica Fortescue	2,400	2,400
Jason Peter Delisser	3,200	3,200
John Alexander Goddard	-	-
Michael Karl Clahsen (appointed 2/4/12)	5,000	5,000
Melinda Jane Fleming (appointed 2/4/12)	-	-

There was no movement in Director shareholdings during the year. Each share held is fully paid.

Note 19. Events after the reporting period

Since balance date, the world financial markets have shown volatility that may have an impact on investment earnings in the 2012/2013 financial year. The company continues to maintain a conservative investment strategy to manage the exposure to market volatility.

There have been no other events after the end of the financial year that would materially affect the financial statements.

Note 20. Contingent liabilities and assets

There were no contingent liabilities or assets at the date of this report to affect the financial statements.

Notes to the financial statements (continued)

Note 21. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in two geographic areas being Brendale and Samford, Queensland. The company has a franchise agreement in place with Bendigo and Adelaide Bank who account for 100% of the revenue (2011: 100%).

Note 22. Corporate information

Pine Rivers Community Finance Ltd is a company limited by shares incorporated in Australia.

The registered office and principal place of the company is:

Shop 4, Brendale 7-Day Shopping Centre,
Kremzow Road, Brendale QLD 4500

	2012 \$	2011 \$
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Note 23. Earnings per share

Basic earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Profit / (loss) after income tax expense	123,284	91,356
Weighted average number of ordinary shares for basic and diluted earnings per share	1,102,010	1,102,010

Note 24. Dividends paid or provided for on ordinary shares

(a) Dividends paid during the year

(i) Previous year final		
Franked dividends - 5 cents per share (2011: Nil cents per share)	55,101	-
	55,101	-

(b) Dividends proposed

(i) Recognised as a liability		
Franked dividends - Nil (2011: 5 cents per share)	-	55,101
	-	55,101

Notes to the financial statements (continued)

Note 25. Financial risk management

The company's financial instruments consist mainly of deposits with banks, account receivables and payables, bank overdraft and loans.

The totals for each category of financial instruments measured in accordance with AASB 139 are as follows:

	Note	2012 \$	2011 \$
Financial assets			
Cash & cash equivalents	6	601,671	548,243
Receivables	7	113,462	101,228
Total financial assets		715,133	649,471
Financial liabilities			
Payables	11	94,498	104,002
Total financial liabilities		94,498	104,002

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function.

Specific financial risk exposure and management

The company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments. There have been no substantive changes in the types of risks the company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

(a) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For the company it arises from receivables and cash assets.

The maximum exposure to credit risk at reporting date to recognised financial assets is the carrying amount of those assets as disclosed in the Statement of Financial Position and notes to the financial statements.

The company's maximum exposure to credit risk at reporting date was:

	Note	Carrying amount	
		2012 \$	2011 \$
Cash and cash equivalents	6	601,671	548,243
Receivables	7	113,462	101,228
		715,133	649,471

The company's exposure to credit risk is limited to Australia by geographic area. The majority of receivables are due from Bendigo and Adelaide Bank.

Notes to the financial statements (continued)

Note 25. Financial risk management (continued)

(a) Credit risk (continued)

None of the assets of the company are past due (2011: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

The company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank.

(b) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Financial liability and financial asset maturity analysis

	Note	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
30 June 2012					
Financial liabilities due for payment					
Payables	11	(94,498)	(94,498)	-	-
Loans and borrowings	13	-	-	-	-
Total expected outflows		(94,498)	(94,498)	-	-
Financial assets - cashflow realisable					
Cash & cash equivalents	6	601,671	601,671	-	-
Receivables	7	113,462	113,462	-	-
Total anticipated inflows		715,133	715,133	-	-
Net (outflow)/inflow on financial instruments		620,635	620,635	-	-

Notes to the financial statements (continued)

Note 25. Financial risk management (continued)

(b) Liquidity risk (continued)

Financial liability and financial asset maturity analysis (continued)

	Note	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
30 June 2011					
Financial liabilities due for payment					
Payables	11	(104,002)	(104,002)	-	-
Loans and borrowings	13	1,432	1,432	-	-
Total expected outflows		(102,570)	(102,570)	-	-
Financial assets - cashflow realisable					
Cash & cash equivalents	6	548,243	548,243	-	-
Receivables	7	101,228	101,228	-	-
Total anticipated inflows		649,471	649,471	-	-
Net (outflow)/inflow on financial instruments		546,901	546,901	-	-

Financial assets pledged as collateral

There are no material amounts of collateral held as security as at June 30 2012 and June 30 2011.

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company reviews the exposure to interest rate risk as part of the regular Board meetings.

Sensitivity analysis

At the reporting date the interest rate profile of the company's interest bearing financial instruments was:

	Note	Carrying amount	
		2012 \$	2011 \$
Fixed rate instruments			
Financial assets	6	570,000	410,000
Financial liabilities		-	-
		570,000	410,000

Notes to the financial statements (continued)

Note 25. Financial risk management (continued)

(c) Market risk (continued)

Sensitivity analysis (continued)

	Note	Carrying amount	
		2012 \$	2011 \$
Floating rate instruments			
Financial assets	6	31,671	138,243
Financial liabilities	13	-	(1,432)
		31,671	136,811

Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed interest rate financial assets or liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have no impact on profit or retained earnings. For the analysis performed on the same basis as at 30 June 2011 there was also no impact. As at both dates this assumes all other variables remain constant.

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Fair values

The fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. Fair value is the amount at which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction. The company does not have any unrecognised financial instruments at year end.

Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Statement of Financial Position.

Notes to the financial statements (continued)

Note 25. Financial risk management (continued)

Capital management (continued)

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the Distribution Limit.

- (i) the Distribution Limit is the greater of:
 - (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and
 - (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and
- (ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2012 can be seen in the Statement of Comprehensive Income.

There were no changes in the company's approach to capital management during the year.

Directors' declaration

In accordance with a resolution of the Directors of Pine Rivers Community Finance Limited, the Directors of the company declare that:

- 1 the financial statements and notes of the company as set out on pages 13 to 33 are in accordance with the Corporations Act 2001 and:
 - (i) comply with Australian Accounting Standards, which as stated in accounting policy Note 1(a) to the financial statements constitutes compliance with International Financial Reporting Standards (IFRS); and
 - (ii) give a true and fair view of the company's financial position as at 30 June 2012 and of the performance for the year ended on that date;
- 2 in the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



Julie Brooks
Director

Independent audit report



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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF PINE RIVERS COMMUNITY FINANCE LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Pine Rivers Community Finance Limited, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company for the year ended 30 June 2012.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Richmond Sinnott & Delahunty
ABN 60 616 244 309
Liability limited by a scheme
approved under Professional
Standards Legislation

Partners:
Warren Sinnott
Cara Hall
Brett Andrews
Philip Delahunty
Kathie Teasdale
David Richmond

Independent audit report (continued)

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's Opinion

In our opinion:

- (a) the financial report of Pine Rivers Community Finance Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1(a).

Richmond Sinnott & Delahunty
RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

W. J. Sinnott

W. J. SINNOTT
Partner

Dated at Bendigo, 6 September 2012



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